



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 975

DATE: January 1, 2011

TO: Iowa Medicaid Pharmacies

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Medically Needy and Spenddown

The IME reminds all pharmacy providers that Medicaid Eligibility must be checked prior to claim submission through the Point of Sale (POS) system. For members identified as a "Medically Needy" eligibility status, their Medicaid eligibility is dependent on meeting a special type of deductible called a spenddown. Claims submitted through POS that deny for spenddown are the responsibility of the member. **Please do not submit claims for a Medically Needy Member on a spenddown unless the item is actually going to be dispensed.** If a claim is submitted and the member does not pick up and/or pay for the prescription, a Medically Needy Expense Deletion Request, Form 470-3931 must be sent to the IME to ensure proper tracking of a person's eligibility. The claim will then be reversed by the IME within 48 working hours of receiving the expense deletion request form.

The Medically Needy program provides coverage to approximately 2,250 individuals who might otherwise qualify for Medicaid, except that they have too much income or unusually high medical expenses. People who meet all eligibility factors for the program except for income are allowed to reduce their excess income through incurred medical expenses. This process is called spenddown.

People who have a spenddown obligation are "conditionally eligible" for Medicaid until they have verified enough medical expenses to meet their spenddown obligation for the certification period. Expenses used for meeting spenddown are considered as a deductible and are not paid by Medicaid. When a member has met spenddown, but eligibility has not yet been updated to reflect Medicaid coverage for the certification period, the Eligibility Verification System (ELVS) will report that the remaining spenddown is zero. **The ELVS telephone number is 800-338-7752 or locally in the Des Moines area 323-9639.** The time lag between the spenddown reaching zero and the eligibility update showing the member as Medicaid-eligible should be no longer than two days.

When you have determined through ELVS that a conditionally eligible person has a spenddown balance to meet, submit claims for services for the person or responsible relative to the IME just as if the person were eligible for Medicaid. If the person has not met spenddown, the IME will apply the claim to the spenddown balance. Claims that are used to meet spenddown will be denied for Medicaid payment. The amount used for spenddown will be listed on the Remittance Statement. Claims that are not used to meet spenddown or are only partially used to meet spenddown are automatically resubmitted for Medicaid payment.

Medically Needy Expense Deletion Request (Form 470-3931) is necessary when a prescription is filled and billed to Medicaid for a potentially eligible Medically Needy member, but the member does not pick up the prescription. Fax the completed form to the IME (515-725-1155) as soon as possible to prevent claims for services not used to meet spenddown by the Medically Needy member.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909 or locally (in Des Moines) at 256-4609, or e-mail at imeproviderservices@dhs.state.ia.us.

******Per Informational Letter 962, Informational Letters are no longer sent on paper******